

Date November 12, 2021

Subject: Management Discussion and Analysis for the nine-month period ended September 30, 2021

To: Director and Manager  
Stock Exchange of Thailand

Delta Paint Public Company Limited (“the Company”) would like to clarify the operating results for the nine-month period ended September 30, 2021 with the following details:

**Income Statement**

	nine-month	nine-month	Change	
	period ended	period ended	Amount	Amount
	Sep 30, 2020	Sep 30, 2021		
Revenue from sales and services	441.5	552.1	110.6	25.1
Cost of sales and services	256.6	319.5	62.9	24.6
<b>Gross profit</b>	<b>184.9</b>	<b>232.6</b>	<b>47.7</b>	<b>25.8</b>
<i>Gross profit margin (%)</i>	<i>41.9</i>	<i>42.2</i>	<i>0.3</i>	<i>0.8</i>
Other revenues	5.7	8.1	2.4	42.1
Distribution Costs	112.1	149.7	37.6	33.5
Administrative expenses	26.1	29.7	3.6	13.8
Financial cost	6.5	6.3	(0.2)	(3.1)
Income tax expense	10.7	12.6	1.9	17.8
<b>Net profit</b>	<b>35.1</b>	<b>42.4</b>	<b>7.3</b>	<b>20.8</b>
<i>Net profit margin (%)</i>	<i>8.0</i>	<i>7.7</i>	<i>(0.3)</i>	<i>(3.8)</i>
Remeasurement of post-employment benefit obligations	-	-	-	-
<b>Total comprehensive income</b>	<b>35.1</b>	<b>42.4</b>	<b>7.3</b>	<b>20.8</b>

**Revenue Structure Categorized by Product Grade**

	nine-month	%	nine-month	%
	period ended		period ended	
	Sep 30, 2020	Sep 30, 2021		
Premium	173.6	35.6	251.7	40.4
Growth (%)	-		45.0	
Standard	134.8	27.6	174.5	28.0
Growth (%)	-		29.5	
Economy	179.2	36.8	196.6	31.6
Growth (%)	-		9.7	
<b>Revenue from sales and services before direct promotion expenses and sale return deduction</b>	<b>487.6</b>	<b>100.0</b>	<b>622.8</b>	<b>100.0</b>
% Growth	-		27.7	

	nine-month period ended Sep 30, 2020	%	nine-month period ended Sep 30, 2021	%
Less Direct promotion expenses and sale return	(46.1)	10.5	(70.7)	11.4
<b>Revenue from sales and services</b>	<b>441.5</b>		<b>552.1</b>	
% Growth	-		25.1	

### Revenue from sales and services

For the first nine-months of the year 2021, the Company had revenue from sales and services before direct promotion expenses and sale return deduction of Baht 622.8 million, increased over the same period of the last year in the amount of Baht 135.2 million or by 27.7 percent due to the new product mix and expansion of distribution channel. The revenue can be categorized in premium, standard, and economy in the proportion of 40.4 percent, 28.0 percent, and 31.6 percent respectively. As a result, the Company had revenue from sales and services of Baht 552.1 million.

### Other Revenues

For the first nine-months of 2021, the Company had an increase in other revenue over the same period of last year in the amount of Baht 2.4 million which mainly consist of rental revenue of Bath 5.4 million.

### Cost of Sales and Services and Gross Profit

For the first nine-months period of 2021, the Company had gross profit margin of 42.1, increased quarter on quarter, which mainly caused by the Economies of Scale and the new products released.

### Distribution Cost

For the first nine-months of 2021, the Company had an increase in distribution cost of Baht 37.5 million or 33.5 percent from the same period in previous year which is the result of increase in revenue from sales and services. Also, the Company had expanded the number of salespersons to customer's branched to introduce and advise product to end-users.

### Administrative Expense

For the first nine-months period of the year 2021, the Company had an increase in administrative over the same period of last year in the amount of Baht 3.6 million or by 13.8 percent which due to a change in management and employee remuneration policy.

### Net Profit

For the first nine-months of the year 2021, the Company had higher net profit margin over the same period of the last year which is the consequence of sale mix with larger proportion of high gross profit product and benefit from Economies of Scale.

### **Balance Sheet**

	As of	As of	Change	
	December 31, 2020	September 30, 2021	Amount	Amount
Total Assets	668.3	762.0	93.7	14.0
Total Liabilities	463.2	544.7	81.5	17.6
Total Shareholder's Equity	205.2	217.3	12.1	5.9
Debt to Equity Ratio (Time)	2.3	2.5	(0.3)	(13.1)

### **Assets**

As of September 30, 2021, the Company and its subsidiaries had total assets of Baht 762.0 million, an increase from total assets as of 31 December 2020 by Baht 93.7 million due to:

- Decreased in cash and cash equivalents of Baht 16.4 million.
- Increased in trade and other current receivables of Baht 30.3 million due to sales increasing.
- Increased in inventory of Baht 43.2 million to support a higher sale.
- Increased in other current asset of Baht 5.4 million.
- Increased in land, building and equipment of Baht 23.2 million due to investing in equipment to increase distribution channels.

### **Liabilities**

As of September 30, 2021, the Company and its subsidiaries had total liabilities of Baht 544.7 million, an increase of Baht 81.5 million from 31 December 2020, an increase of 17.6% due to:

- Increased in bank overdrafts and short-term loans from financial institutions in the amount of Baht 75.8 million due to the use of short-term working capital to support production and sales growth.
- Increased in trade and other payables of Baht 16.9 million due to increasing in trade accounts payable for raw materials for various productions according to sales increasing.

### **Equity**

As of September 30, 2021, the Company and its subsidiaries had shareholders' equity of Baht 217.3 million, an increase of Baht 12.1 million from 31 December 2020, an increase of 5.9%, mainly due to an increase in retained earnings from operations growth and During the period , a dividend of 32.0 million baht was paid.



**Debt to Equity Ratio**

As of September 30, 2021, compared to the year ended December 31,2020 , the Company and its subsidiaries' debt to equity ratio slightly increased as follows: Year 2020 was 2.2 times, the 9-month period of 2021 was 2.5 equal

Yours sincerely

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(Mr.Athapon Tangkaravakoon)  
Chief Financial Officer  
Delta Paint Public Company Limited